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## **Old Windsor Parish Council**

*Internal Audit Report 2024-25 (Interim)*

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*Susan Cook*

*For and on behalf of  
Auditing Solutions Ltd*

## **Background**

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2024-25 financial year, during our visit to the Council, which took place on 27<sup>th</sup> November 2024, along with the preparatory work undertaken at our offices.

## **Internal Audit Approach**

In commencing our review for 2024-25 and in accordance with the requirements of the IA Certificate in the AGAR and the latest 2024-25 edition of the Governance and Accountability Manual, we have again paid due regard to the materiality of transactions and their susceptibility to potential misrepresentation in the Accounts / AGAR, together with examining the overall governance framework. Our aim is to ensure that the Council continues to operate robust control systems and that transactions are, as far as we are able to ascertain, processed in accordance with national and locally approved legislation and controls.

## **Overall Conclusion**

We are pleased to record that the Council continues to maintain adequate and effective internal control arrangements with only three issues identified to date this year, detail of which is set out in the body of the report with resultant recommendations summarised in the appended Action Plan. We are also again pleased to acknowledge the quality of records maintained by the Clerk with the assistance of the Lead Member for Finance (LMF).

We ask that this report is presented to members and their comments reported to us.

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Omega software to process the Council's financial transactions operating two bank accounts with the Unity Bank (Current and Deposit) and the Investment with CCLA.

Our objectives in this area are to ensure that the accounting records are being maintained accurately and in a timely manner with detail reconciled routinely to the bank accounts in use. We have consequently -

- Verified that the closing balances, as reported in the 2023-24 Statement of Accounts and certified AGAR, have been "rolled-forward" correctly as opening balances for 2024-25;
- Ensured that the financial ledger remains in balance;
- Examined the coding schedule, which we consider remains appropriate for the Council's requirements;
- Verified transactions on the current account for September 2024;
- Verified transactions on the Reserve account for September 2024;
- Verified transactions on the CCLA account to September 2024;
- Verified detail of the month-end bank reconciliations on the current account as of 30th September 2024; and
- Reviewed the procedures in place for preparing and authorising journals, together with the controls in place over the review of bank reconciliations;

### Conclusions and recommendations

***No bank reconciliations have been signed for the financial year to date. The usual best practice of the council should be reinstated. If the usual signatories are unavailable, an alternative councillor should be asked to sign off the bank reconciliations as long as they are not also a bank signatory.***

***We note that bank reconciliations are no longer completed for the CCLA funds as the balance is currently static, with interest earned paid into the Council current account.***

*R1. The Council should ensure it complies its' Finance Regulation para 2.6; At least [once in each quarter], and at each financial year end, a member other than the Chair {or a cheque signatory} shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council {Finance Committee}.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders

(SOs) and that, as far as we may reasonably be expected to ascertain, as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation. We also aim to ensure that appropriate policies, procedures and protocols are in place to prevent and provide a reasonable assurance of the detection of any fraudulent or corrupt activity.

We note that the Standing Orders, based on the NALC Model document, were reviewed and formally adopted by the Council at the February 2023 meeting. We note that the revised NALC Model Financial Regulations (FRs) were adopted at the September 2024 meeting of the Council.

We have reviewed the Council's minutes for the financial year to date checking to ensure that there are no significant issues arising that might give rise to ultra vires expenditure or other forms of potentially unlawful activity, also that the Council is continuing to manage its resources effectively and are pleased to record that no indications exist of potential problems with the Council's ongoing financial viability.

We also note that the external auditors have "signed-off" the 2023-24 Annual Governance and Accountability Return (AGAR) Certificate with no issues noted.

### **Conclusions**

*We are pleased to record that no issues arise in this area, we will continue our work in this area at our next visit.*

## **Review of Expenditure**

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- All payments are subject to approval by the relevant lead member in accordance with the Council's approved procedures;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have reviewed the Council's approach to the approval and authorisation of the release of moneys to traders and staff and consider that they remain sound. We have selected a sample of 40 payments processed in the year to date to check for compliance with the above criteria. Our test sample includes all those payments individually in excess of £1,000, plus every 25<sup>th</sup> as recorded in the cashbook and totals £97,008 and equates to 70% by value of non-pay related expenditure in the year to date.

We have also reviewed and verified the accuracy of the 2024-25 quarterly VAT reclaims submitted to HMRC to date, with no issues.

### **Conclusions**

*We are pleased to record that no issues arise in this area, we will continue our work in this area at our next visit.*

## **Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We will review the risk register at our next visit, we note it was reviewed and re-adopted at the September 2024 meeting of the Council.

We have examined the current year's insurance schedule with cover again provided by Zurich noting that Employer's and Public Liability cover are in place at £10 million and £12 million respectively, noting the Fidelity Guarantee cover has been increased £500,000, which we consider suitable for the Councils' purposes.

### **Conclusions**

*We are pleased to record that no issues arise in this area, we will continue review the risk assessment and annual play inspection report at our next visit.*

## **Budgetary Control and Reserves**

We aim in this review area to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the annual precept; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

### **Conclusions**

*As our visit took place ahead of the budget and precept setting exercise, we will continue our review of this area at our next visit.*

## **Review of Income**

The Council continues to receive income from a relatively small number of sources in addition to the precept including cemetery activities, sports and rifle club rentals, bank interest, allotment rents, sundry grants and donations and recovered VAT.

We have reviewed the procedures in place relating to the identification and recovery of fees in relation to interments at this interim visit selecting a sample of 4 interments occurring to 30<sup>th</sup> September 2024 ensuring that all appropriate legally required documentation was held (i.e., Burial and / or cremation certificates) and that appropriate fees have been charged and recovered.

We note that the Council continues to operate the Rialtas allotment software to manage the allocation of plots and recovery of rents: we examined the related data output ensuring that the appropriate rents were invoiced and recovered in the current financial year with none remaining unpaid. We also note that all tenants have now paid a refundable deposit detail of which is appropriately recorded in the Omega accounts as a liability.

We have also examined the detailed income transaction reports for the financial year to date to ensure that, as far as we can reasonably establish, income due has been received and banked appropriately.

### **Conclusions**

*We are pleased to record that no issues have arisen in this area to date warranting formal comment or recommendation.*

## **Petty Cash Account & Use of Debit / Credit Cards**

*The Council does not operate a petty cash account as such: however, a Unity Trust Bank Debit Mastercard is in place with a £500 limit, which is used to meet any ad hoc purchases and achieve savings by purchasing through the internet where appropriate: the account is settled monthly as and when any expenditure occurs. We have reviewed all statements for the year to September 2024, with no issues arising.*

## **Review of Staff Salaries**

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation relating to the deduction and payment over of income tax and NI contributions.

Payroll is outsourced by the Council to Paragon Accounting Services.

We note that the Clerk, and two Village Wardens' salaries are paid in accordance with national NJC scales applying since 1<sup>st</sup> April 2024. The Community Social Worker is paid on an alternative basis. All salaries are approved by the Council, and we have reviewed the Part II minutes confirming this.

Consequently, we have: -

- Ensured that the gross salaries paid in November 2024 to the Clerk, Community Social Worker and two Village Wardens were paid at the approved rates and, where applicable, approved working hours by reference to payslips;
- Checked and agreed detail of the computations of tax and national insurance deductions for the same month;
- Verified the resultant net salary payments made to the staff; and
- Ensured the appropriate payment of tax and NI contributions to HMRC for the year to date.

## **Conclusion**

*We are pleased to record that no issues have been identified in this area of our review process.*

## **Asset Registers / Inventories**

The “Governance and Accountability Manual – The Practitioner’s Guide”, requires all councils to maintain a detailed register of their assets. We aim in examining this aspect of the Council’s documentation to ensure that the Council has complied with that legislation; that an appropriate and comprehensive register is being maintained and that it is subject to periodic review and update.

### **Conclusions**

*The value of the asset register on the Rialtos accounting system, does not match the value of the Excel spreadsheet.*

*R2. For consistency, the value of the asset register on Rialtos should be brought into line with that of the excel spreadsheet, with the excel spreadsheet, in time, being replaced by the Rialtos version.*

## **Investments and Loans**

The Council has an account with CCLA, with a balance of £80,000, with the monthly interest being paid into Unity Bank.

The Council currently has one outstanding PWLB loans repaid at half-yearly intervals. We have, as part of our above payment review / testing, verified details of the half-yearly loan repayments for the current year to September 2024 and at our final visit will confirm by reference to the PWLB third-party demands and the UK Debt Agency year-end residual loan schedule, the outstanding loan liability to be reported in the AGAR at Section 2, Box 9.

### **Conclusions and recommendations**

*We note that the bank balances at 30<sup>th</sup> September 2024 with Unity Bank exceed £224,000.00 which would not be covered by the FSCS (Financial Services Compensation Scheme), in the unlikely event that Unity Bank were to fail.*

*R3. The Council should consider transferring to the CCLA any funds over £85,000, that are not immediately required, both the reduce its exposure to risk and to maximise interest earnings for the council.*

<i>Rec. No.</i>	<i>Recommendations</i>	<i>Response</i>
<b>Maintenance of Accounting Records &amp; Bank Reconciliations</b>		
R1	The Council should ensure it complies its' Finance Regulation para 2.6; At least [once in each quarter], and at each financial year end, a member other than the Chair {or a cheque signatory} shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council {Finance Committee}.	
<b>Asset Registers/Inventory</b>		
R2	For consistency, the value of the asset register on Rialtos should be brought into line with that of the excel spreadsheet, with the excel spreadsheet, in time, being replaced by the Rialtos version.	
<b>Investments and Loans</b>		
R3	The Council should consider transferring to the CCLA any funds over £85,000, that are not immediately required, both the reduce its exposure to risk and to maximise interest earnings for the council.	